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September 24, 1990

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DIVISION OF
OIL, GAS & MINING

Mr. Lowell P. Braxton
Associate Director, Mining
Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Re: REQUEST FOR AGENCY ACTION FILED BY JUMBO MINING
COMPANY IN CONNECTION WITH THE DRUM MINE

Dear Mr. Braxton:

The following is submitted in response to the request I received from Marjorie Anderson of your office to clarify the statement of statutory and/or regulatory authority for the requested agency action in accordance with Rule R613-005-104, §2.13.144.

Jumbo Mining Company (JMC) submitted a Request for Agency Action by fax letter of September 4, 1990, and by copy sent by certified mail. That Request was submitted pursuant to Rule R613-005-104, §2.13. The action requested is for the Division to reconsider its decision of May 31, 1990 to deny JMC the right to proceed with the leak tests of Heaps No. 2 LG and NO. 7, which tests were requested by the State Bureau of Water Pollution Control as a condition to issuance of a permit for operating these heaps. The Division had previously stated in a letter of February 28, 1990, that the leak tests could not be conducted until either the permit had been transferred as to these two heaps or JMC amended its Mining Reclamation Plan, and that it bond for the reclamation of these additional two heaps.

Pursuant to this directive, JMC submitted its Amendment to its mining reclamation plan by letter of June 22, 1990 pursuant to Rule R613-004-119, and posted its bond for these two heaps with the Division. The Division has accepted JMC's bond and to our knowledge, it has not objected or disapproved the proposed amended MRP.

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The Division also suggested that JMC should secure a transfer of this portion of the permit to JMC from Western States Minerals Corporation. Transfer forms were sent to Western States Minerals Corporation for signature but it has refused to sign them, insisting that JMC assume the reclamation responsibility for the entire property. JMC has agreed to assume the full reclamation obligation for these two heaps, in addition to other areas of the property upon which it is operating, excepting the restoration of top soil, which is a condition of Western's permit.

JMC has complied with the conditions specified in the Division's letter of May 31, 1990. Western States Minerals Corporation is refusing to sign the transfer papers, but this refusal has nothing to do with the present request to conduct leak tests on these two heaps, but is instead an effort to avoid its contractual responsibilities. This is an issue between the parties and the State does not need to become involved in this dispute. The State's interest is amply protected through the double bonding for reclamation of these two heaps.

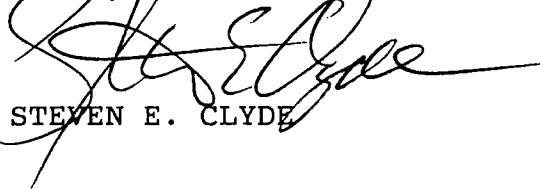
In the meantime, it serves no one's interest to allow Western's refusal to transfer its permit for these heaps to hold JMC hostage in the conducting of these leach pad leak tests. The transfer of Western's permit is not essential to the conducting of these tests under JMC's amended mining reclamation plan and reclamation surety bond.

Accordingly, we request prompt action on JMC's Request for Agency Action of September 4, 1990. Should you need any additional information, please do not hesitate to contact me.

Best regards.

Very truly yours,

CLYDE, PRATT & SNOW P.C.



STEVEN E. CLYDE

CC: Mr. E. B. King
Mr. Doug Austin
Mr. Stephen D. Alfers